

Full Cost Decision Memorandum: Cost allocation principles (OT-05)

Issue:

How are costs allocated under full cost principles?

Source / reference:

LaRC Office of the Chief Financial Officer (OCFO)

Background/Discussion:

The full cost concept ties all Agency costs (including civil service personnel costs) to major activities. These major activities, or final cost objects, within NASA are Agency programs/projects. Under full cost, there are no “free” resources; all costs are assigned to benefiting programs/projects. In that regard, full cost uses activity-based costing principles to assign various costs to projects. NASA established a financial structure to account for direct, service and G&A costs. While direct costs are funded via project accounts, cost pools are used to capture indirect costs from services and G&A. Costs collected within a pool are assigned to projects using an established activity-basis, such as workforce for G&A or shifts for wind tunnels

Direct costs: those costs that are physically identifiable to projects at the time they are incurred. These costs are subject to the control and/or influence of the project manager. Direct costs elements include direct procurements, direct civil service salaries/benefits, and direct travel.

Service costs: covers a broad range of institutional/infrastructure capabilities that support multiple programs/projects at a center. These costs can be traced/linked to a given project based on usage/consumption. The standard Agency service pools include Facilities and Related services, Information Technology services, Fabrication services, Science and Engineering (S&E) services, Test services and Wind Tunnel services.

General & Administrative (G&A) Costs: costs that cannot be easily related or traced to a specific project, but benefit all activities. NASA has two types of G&A costs; Center and Corporate G&A.

Center G&A: consists of Center costs that cannot be related or traced to a specific project, but benefit all activities. These costs include such elements as: fire protection, security, Center Management, and Logistics. Center G&A may include procurements, civil service salaries/benefits, travel, and service pools.

Corporate G&A: consists of Agency costs that are related to the business operations of NASA Headquarters as a center and Agency level functions that are G&A in nature performed at a Center (for example, IFMP). This includes costs for: the NASA Administrator and immediate staff; the Enterprise level/management; Headquarters Operations management; and Functional management, including Safety and Mission Assurance (SMA). Corporate G&A may include procurements, civil service salaries/benefits, travel, service pools, and Center G&A.

Cost assignment Basis

Agency Service	LaRC Sub-pools	Cost collection	Assignment basis
Facility & Related Services (F&RS)	Facility & Related Services (F&RS)	Utilities, maintenance & related, and associated labor	Square Feet
Information Technology (IT)	Desktop services	Computers, telephones, and related ODIN services	Seats/Lines – Direct charge to orgs/projects
	Information services	IT labor & supporting infrastructure	Seats/Lines
Fabrication	Fabrication	Labor, materials, F&RS, IT	Fabrication hours
Test Services	Simulators	Labor, materials, F&RS, IT	Labor hours
	Aircraft	Labor, materials, F&RS, IT	Labor hours
Wind Tunnels	Wind Tunnels	Labor, materials, supplies, F&RS, IT	Operating days
Science & Engineering	Science Directorate (SD)	Indirect labor, organizational materials, supplies, F&RS, IT	Direct SD FTE/WYE (on-site)
	Systems Analysis & Concepts Directorate (SACD)	Indirect labor, organizational materials, supplies, F&RS, IT	Direct SACD FTE/WYE (on-site)
	Research & Technology Directorate (RTD)	Indirect labor, organizational materials, supplies, F&RS, IT	Direct RTD FTE/WYE (on-site)
	Systems Engineering Directorate (SED)	Indirect labor, organizational materials, supplies, F&RS, IT	Direct SED FTE/WYE (on-site)
	Aeronautics Research Directorate (AD) --new	Indirect labor, organizational materials, supplies, F&RS, IT	Direct Aero Project FTE/WYE (on-site)
	Exploration Systems & Space Operations Technology Directorate (ESSOTD) -- new	Indirect labor organizational materials, supplies, F&RS, IT	Direct Exploration & Space Ops FTE/WYE (on-site)
	Flight Projects Directorate (FPD) -- new	Indirect labor organizational materials, supplies, F&RS, IT	Direct Flight Project FTE/WYE (on-site)
Center G&A	Center G&A	Business ops, Investments, Training, Awards, and other Center-level functions	Total Direct FTE/WYE (on/near-site)
Corporate G&A	Corporate G&A	Headquarters operations and Agency-level activities	Total Direct Funding (Budget)

Approved by LaRC CFO (Ken Winter) 7/8/05